

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

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FM AMEMBASSY LIMA

TO SECSTATE WASHDC 4174

C O N F I D E N T I A L I M A 1819

E.O. 11652: GDS

TAGS: ENRG, EINV, PFOR, PE

SUBJECT: VICE MINISTER OF ENERGY AND MINES COMMENTS ON
OXY PLANS IN PERU

REFS: LIMA 1509, 1434, AND 1321

1. ANTONIO TORD, VICE MINISTER OF ENERGY AND MINES, TOLD EMBASSY OFFICERS ON MARCH 4 THAT ARMAND HAMMER, OCCIDENTAL CHAIRMAN, DURING HIS VISIT TO PERU LAST MONTH, INFORMED THE GOP THAT OCCIDENTAL WOULD MAKE AN EFFORT TO OBTAIN \$100 MILLION LOAN FROM THE WORLD BANK FOR THE CONSTRUCTION OF THE OXY SPUR LINE. TORD SAID CATEGORICALLY THAT THE GOP HAS DECIDED TO BUILD THE SPUR LINE ITSELF AND THAT MINES AND ENERGY MINISTER FERNANDEZ MALDONADO AND HAMMER HAD AGREED THAT OXY WOULD MOVE AHEAD WITH ITS DRILLING OF NEW WELLS AND DEVELOPMENT OF ITS PRESENT WELLS AFTER A CLEAR FINANCIAL ARRANGEMENT ON THE OXY SPUR IS REACHED. HE SAID OXY HAS ALREADY CONTACTED THE WORLD BANK REGARDING SUPPORT FOR THE GOP SPUR LINE.

2. TORD CONFIRMED OXY'S OWN FIGURES (AND PETROPERU'S
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ESTIMATES AS WELL) THAT AT PRESENT OXY HAS 300 MILLION

BARRELS OF PROVED RESERVES AND NOTED FURTHER THAT THE WESTERN PART OF OXY'S FIELDS, WHERE SEISMIC WORK IS PRESENTLY UNDERWAY, INDICATE VERY GOOD PROSPECTS FOR FINDING POSSIBLY DOUBLE THE PRESENT AMOUNT OF PROVED RESERVES. TORD ALSO REITERATED THAT THE GOP FULLY APPRECIATES THE SIZEABLE OXY DRILLING AND INVESTMENT PROGRAM IN CONTRAST TO THE MORE MODEST PROGRAMS OF MAJORS WHO ARE LESS HUNGRY THAN OXY. THIS POSITION CLOSELY PARALLELS THE OXY "PHILOSOPHY" AS PRESENTED IN LIMA 1434.

3. COMMENT: TORD, A HIGHLY COMPETENT MINING SPECIALIST, IS THE HIGHEST RANKING CIVILIAN OFFICIAL IN THE MINES AND ENERGY MINISTRY AND HAS THE EAR OF THE MINISTER. WHILE NOT ACCEPTING ALL OF HAMMER'S VIEWS AT FACE VALUE, HE CONFIRMED THAT THE GOP HAS A GOOD WORKING RELATIONSHIP WITH OXY AND IS PLACING A LARGE NUMBER OF ITS PETROLEUM "EGGS" IN THE OXY BASKET. NEITHER HAMMER NOR MARTIN (SEE REFTELS) MENTIONED OXY'S CONTACT WITH THE WORLD BANK IN THEIR DISCUSSIONS WITH US.
DEAN

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Message Attributes

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